



June 30, 2004

Dear Citizens of Sandy:

We are pleased to present to you the budget for the 2005 fiscal year (FY). This budget represents months of hard work by the Budget Committee, numerous city staff members from each department, and the City Council. The document has been developed with the goal of providing excellent services to our residents over the course of the next year.

### **Maintaining Quality Service Levels With Limited Resources**

Consistent with the past several years, FY 2004 was another challenging budget year. The year was marked by slowing sales tax revenues, limited business development, and minimal capital construction and expansion. All of the noted factors contributed to the city's decision in December 2003 to undertake a two percent budget reduction across all city departments. The \$713,687 adjustment resulted in the elimination of 11 positions and reduced line items in a variety of General Fund cost centers. However, despite the noted adjustments, great care was given to ensure that the changes did not result in significant reductions to service levels provided to the city's 92,500 residents.

### **Cautious Optimism**

As we look forward to the beginning of FY 2005, we are pleased to report economic indicators point to positive revenue growth in the city for the next 12 months. The national and state economies already appear to be recovering. This optimism will fuel needed positive revenue growth in all areas of the budget; however, the proposed conservative budget reflects a desire on the part of the city to not extend expenditures well past what was originally budgeted for in the FY 2004 budget.

Included in this budget is a recommended adjustment to a variety of fees made as a result of a fee study conducted by Administration over the past year, as well as the implementation of a new four percent telecommunications license tax scheduled to replace the existing six percent telephone business license tax (commonly referred to as the telephone franchise fee) on July 1. A majority of the resources from these limited new monies will be expended on personnel services and capital projects.

With sound budgeting practices, including conservative revenue and spending estimates, modest fee adjustments, and comparable compensation spending, we assert that the FY 2005 budget is the kind of plan and structure that will create a positive blueprint for the future. The budget represents a

restructuring of sorts, with fewer personnel, limited increases for operations and maintenance, and conservative capital expenditures.

## **Maintaining Service Levels**

The FY 2005 budget includes very few requests for additional operating resources. City Administration prioritized each request and funded what was necessary to maintain existing service levels. The following is a review of significant and approved operating requests found with the budget document:

### **On Going Requests**

- *Compensation Plan.* Recognizing people as the city's greatest resource, the budget includes monies to adjust employee compensation. The adjustments are based upon the following: (1) a pay-for-performance merit system, (2) market conditions and (3) the organization's pay rates in comparison to four sister cities, including Provo, Orem, Salt Lake and West Valley.

In FY 2005, pay adjustments will vary across different levels of the organization. In some situations, pay adjustments will be entirely based on market conditions. In other situations, the adjustments will be focused on traditional merit pay. As a result, all city employees will not receive the same pay adjustment. However, in general, a four percent adjustment, market and/or merit, has been included in this document.

Given limited resources, the principal reason the city included a compensation plan increase was as a result of very significant changes made to the city's health insurance program. These changes resulted in a decreased insurance benefit that helped maintain health care costs at FY 2004 levels. The decision to modify the health program, as presented, was reviewed and discussed with city employees via an employee survey. Survey results suggested that employees were comfortable with the adjustment understanding that the change may lend itself to a wage adjustment.

- *VECC Charges.* Based on resident 911 calls for service, the city's contribution to VECC will be increased for both the police and fire departments in FY 2005.
- *UCAN Charges.* With a recommendation from UCAN's statewide board to increase 800 MHz radio communication system user fees, the city anticipates a significant rise in communication costs and has budgeted additional ongoing monies to fund these new charges.
- *Cable Access Channel.* In an effort to improve community communications, modest funds have been set aside to improve the city's cable access channel.

- *Rate Increase.* Faced with increased water fees paid to the White City Water Improvement District for city parks within the district's boundaries, additional monies have been budgeted to pay the higher fees.

### **One Time and Capital Project Requests**

- *Fire Station 32 Remodel.* Anticipating a future need to replace or improve the aged fire building, funds have been set aside this fiscal year for an architectural review of the current structure, as well as some capital monies to pay for eventual construction costs.
- *Streetscapes/Back Facing Walls.* The city will maintain its efforts throughout the community to improve or replace streetscapes along its main arterials, as well as to improve a number of back facing walls along those same streets.
- *Golf Course Parking Lot.* Continuing efforts to improve the golf course property, funds have been set aside to reconfigure the parking lot. The project, necessitated by problems created by the course's previous owner, will be completed by city crews.
- *Parks Improvements and Equipment Replacement.* Using funds collected from cell tower lease revenue, the Parks and Recreation Department will purchase needed small equipment, renovate park pavilions, improve irrigation systems and enhance a number of park "tot lots."
- *Impact Fee Study.* Consistent with state requirements, funds have been budgeted to review and update the city's 1997 impact fee study.

### **Looking to the Future**

As we enter a new fiscal year, we are optimistic about the future of Sandy City. The city is financially stable as a result of conservative budgeting practices and a FY 2004 financial restructuring. Our residents continue to be pleased with the service levels we provide, as well as the community's overall quality of life. We look forward to another successful fiscal year.

Respectfully,

Thomas M. Dolan  
Mayor

Bryant F. Anderson  
City Council Chair

Byron D. Jorgenson  
Chief Administrative Officer

